

MCPHERSONS PROPERTY E-NEWS – May 2023

Welcome to our monthly newsletter for property landlords. We hope you find this informative and please contact us to discuss any matters further.

Regulation for short-term lets in England

The Government has published two consultations, both of which are aimed at regulating the short-term letting industry. Short-term holiday lettings and 'AirBnB' style rentals form an integral part of the UK's visitor economy, but the Government recognises the impact of this growing sector on the availability and affordability of rental housing and house prices, particularly in areas such as London and the South of England, where short-term lets are concentrated. Additionally, the Government is concerned that unlike with hotels and B&Bs, it is difficult to monitor compliance with key health and safety regulations by short-term lets.

The [Consultation on a Registration Scheme for short-term lets in England](#) draws from responses to a 2022 Call for Evidence, which largely favoured an intervention scheme. 42% of respondents favoured a registration scheme, with most calling for it to be 'light-touch' and 'low-cost'. The Consultation seeks responses about the design and operation of a Registration Scheme for short-term lets in England only - Scotland and Northern Ireland already have short-term let

licensing schemes in operation, and Wales is introducing a statutory licensing scheme for all visitor accommodation providers.

The proposed registration scheme would also allow local authorities to monitor the use of premises as short-term lets, and to apply and enforce the use of class



changes. The Consultation ['Introduction of a use class for short term lets and associated permitted development rights'](#) proposes planning measures that would help local areas have greater ability to control any future increase in the number of short term lets in their area and support the retention of existing properties to buy or to rent. The measures will apply to England only, and include a new short-term let use class with flexibility for areas where short-term lets are not a local issue.

Lead generation services – a risky business

Potential property investors are being urged to take care when signing up to property lead generation services.

Investors have been left out of pocket after signing up to a service promising at least 20 potential property investment deals a month, of which at least one could be expected to turn into a finalised deal. In reality, investors did not receive that number of leads and those provided were unsuitable and did not result in a deal.

The service was provided by a freelance trainer for one of the UK's largest property investment training companies. He encouraged delegates to sign up for his marketing services during his courses.

The key message for novice property investors is to be sceptical of 'no-money-down' schemes. Property investment training courses may be helpful but it pays to be wary of courses that appear to provide easy shortcuts.

Calls for a "Renters' Charter"

On 3 April 2023, Diane Abbott MP (Labour) appeared on the ITV 'Good Morning Britain' programme to discuss the current rental housing crisis.

She called for the Government to encourage more responsible landlords. She said that a renters' charter would help to "bear down on bad landlords". She cited three key traits of a bad landlord: using no-fault evictions; putting up rents

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every few months; and charging for potential tenants to view properties.

The Government is set to end no-fault evictions but Ms Abbott said there was no sign of the legislation. She agreed that there is already a law in place to prevent landlords charging potential tenants to view a property but she said that anecdotal evidence suggested that the law wasn't working.

Rental property crisis being fuelled by retiring landlords

Hamptons Estate Agents estimate that 140,000 buy-to-let landlords who bought property in the 1990s sold their property last year to fund their retirements.

Hamptons warn that this is the start of a trend and the number is likely to rise as more of that generation approach retirement. Younger generations generally do not have the money available to invest in property, so the gap is being left unfilled, contributing to the scarcity of rental properties.

Along with age, other reasons cited for the 'exodus' of landlords were disappointing returns on investment, the general economy, tax, and regulatory changes.

Whilst rents for new tenants are currently high, older landlords with existing long-term tenants may experience a much lower rate of return.

Hamptons' research showed that, in Britain, around 96,000 existing landlords will turn 65 each year.
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coming year. 924,000 are already over the age of 65 and, between 2010 and 2022, the number of landlords retiring each year has doubled.



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